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# Resolution Chart

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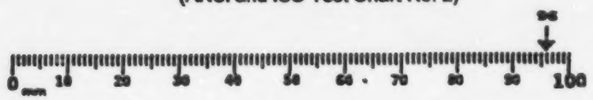


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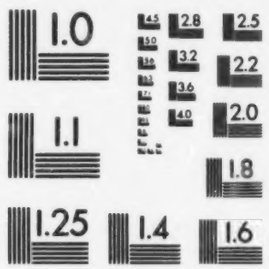


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# Collection MICROLOG sur Micromédia
# Tableau de résolution

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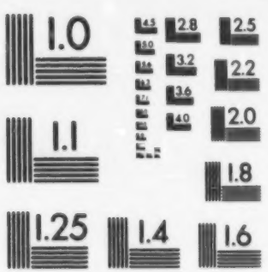


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# Blueprint

Building on the

An Economic and Fiscal Statement for
the Province of Alberta

Alberta

GOVERNMENT OF ALBERTA

## The Alberta Advantage

Over the last eight years, the phrase 'the Alberta Advantage' has come to characterize a distinctly Albertan approach to government. Albertans and their government have created the:

- **Alberta fiscal advantage** – An open and accountable government that balances the budget and pays down debt.
- **Alberta economic advantage** – A vibrant and diversified economy that leads the nation.
- **Alberta tax advantage** – The lowest overall taxes in Canada and no provincial sales tax.
- **Alberta people advantage** – High quality and accessible public services for all Albertans.

Alberta's future is firmly rooted in the advantages developed since 1993. *Blueprint 2001* builds on these advantages, supporting continued economic prosperity and a high quality of life for all Albertans.

**The results of Albertans' hard work are clear. Alberta has:**

- **the strongest economy,**
- **the strongest fiscal position,**
- **the highest standard of living,**
- **the lowest unemployment rate,**
- **the highest personal disposable incomes,**
- **the best-educated workforce,**
- **the lowest percentage of low-income people in Canada, and**
- **among the highest life expectancies in the world.**

If you would like more information about Blueprint 2001, get connected to us.

Alberta

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**Toll free** 310-4455
**Fax** (780) 422-2852
**Mail** Government of Alberta, PO Box 1333
Edmonton, Alberta T5J 2N2

101-02753/



## Alberta Economy 2000 in Review

*The Alberta economy enjoyed an outstanding year in 2000*

- The Alberta economy grew by an estimated 6.1% last year, the fastest among provinces.
- 34,900 new jobs were created, a 2.2% increase.
- Alberta's unemployment rate was 4.8% in December, the lowest in Canada.

*Energy sector led growth*

- Energy prices climbed dramatically in 2000 due to strong growth in demand and tight supplies. World oil prices increased from US$23.16 per barrel in the 1999-2000 fiscal year to a forecast US$30.00 per barrel in 2000-01. Natural gas prices rose to record levels, from Cdn$2.66 per thousand cubic feet (mcf) in 1999-2000 to an estimated Cdn$6.06 per mcf in 2000-01.
- Energy investment is estimated to have risen by 37% in 2000 to $14.3 billion dollars. The average monthly number of rigs drilling increased to 295, up 41%, and 10,512 oil and gas wells were drilled, up 61%.

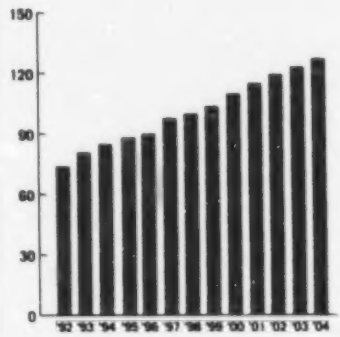
*Other sectors also healthy*

- The value of manufacturing shipments was up 18% in the first 11 months of 2000.
- Non-residential building permits increased by 24% in the first 11 months of 2000.
- Farm cash receipts were up 12% in the first three quarters of 2000. A 3.1% decline in crop cash receipts was more than offset by a 14.4% increase in livestock receipts.

*Job growth and tax cuts strengthened household spending*

- Wage settlements in Alberta averaged 4.7% in the first nine months of 2000, compared to 2.4% at the national level.
- Strong growth in labour income, the elimination of the provincial surtax, provincial tax rebates, and federal income tax cuts led to strong growth of 7.6% in after-tax income.
- Despite the rise in inflation to 3.5%, retail sales in Alberta rose 9.4% in the first 11 months of 2000 and urban housing starts rose 7.3% for the year as a whole.

**ALBERTA'S ECONOMY**
(billions of 1992 dollars)




**The Alberta economy grew by an estimated 6.1% in 2000.**

## Economic Outlook

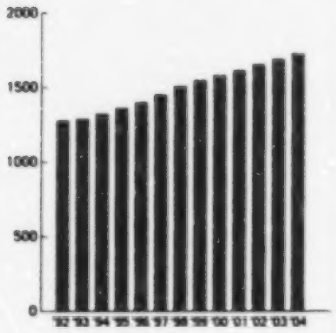
*Strong growth to continue*

- Economic growth of 4.7% is projected for 2001, led by robust consumer spending and rising exports.
- Alberta's economy should continue expanding at a healthy 3.4% per year, on average, over the medium term.
- About 33,000 new jobs are projected in 2001, with a further 110,000 new jobs projected over the following three years.

*Tax cuts spur growth*

- On January 1, Alberta's new single-rate personal income tax system was implemented. Personal income taxes are being cut by $1.1 billion in 2001, bringing the total cut since 1998 to $1.5 billion, or 23%.
- Also on January 1, school property taxes were cut by $135 million to $1.2 billion and will be frozen at that amount in future years.
- On April 1, the government's four-year plan to cut corporate income taxes will begin. When fully implemented, business tax savings will total $1 billion.
- Lower taxes not only leave more money in Albertans' pockets today, they also spur economic growth and put more money in Albertans' pockets tomorrow. By 2006, the combined effects of Alberta's personal, corporate and property tax cuts are projected to increase the size of Alberta's economy by 3.3%, or $4.2 billion, and produce about 43,000 new jobs for Albertans. That is the same as adding one more full year of strong growth to the Alberta economy over five years.

**ALBERTA'S EMPLOYMENT**
(thousands)




**About 143,000 new jobs will be created over the next four years.**

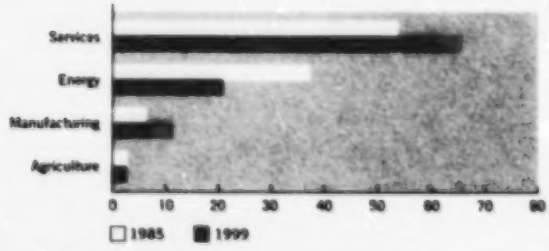
*Strong consumer spending*

- Continued strong employment and wage growth, combined with personal income tax cuts, are projected to increase personal after-tax income by 9% in 2001.
- As a result, real consumer spending is projected to rise by 4.3% in 2001 and remain strong over the medium term. Housing starts are projected to average around 26,000 per year for the next four years.

*Diversification drives medium-term growth*

- While the energy industry continues to be a key part of Alberta's economy, the manufacturing and service sectors have become much more important to Alberta's growth since 1985. The energy sector accounted for only 21% of Alberta's economy in 1999, down from 37% in 1985. Manufacturing grew from 6% to 11% of our much larger economy and the service sector grew from 54% to 66%.
- Business investment is projected to remain around current record levels, spurred by corporate tax cuts. Almost $29 billion in major investment projects have been announced or are already under construction, including oil sands, pipeline, transportation, utility, commercial and real estate projects.

**DIVERSIFICATION STRENGTHENS ALBERTA**
Share of Nominal GDP by Industry (per cent)




**By 2006, Alberta's tax reductions are expected to create 43,000 new jobs.**

# Building on the Advantage

The government will continue to work with Albertans to address today's challenges and build on the Alberta Advantage. By ensuring Alberta is the best place to live, learn, work and invest, we will ensure that both our generation and our children's generation will have every opportunity to succeed right here in Alberta.

- **ALBERTA FISCAL ADVANTAGE**
- **ALBERTA ECONOMIC ADVANTAGE**
- **ALBERTA TAX ADVANTAGE**
- **ALBERTA PEOPLE ADVANTAGE**

## Alberta Fiscal Advantage

Since 1993, Alberta has built an unsurpassed fiscal advantage:

- the budget has been balanced every year for the last seven years,
- net debt was eliminated in 1999, and
- record 2000-01 resource revenue will fund a $5.6 billion debt payment, reducing accumulated debt to $6.9 billion and annual debt servicing costs to about $600 million.

In January, our success was recognized when both major North American bond rating agencies raised Alberta's rating on Canadian debt to triple A, the highest possible rating and, indeed, higher than the federal government's rating.

**Alberta's fiscal success has been guided by five basic principles. The government will continue to follow these sensible rules.**

**As required by the Fiscal Responsibility Act and the Government Accountability Act:**

- **Budgets will be balanced every year.**
- **Debt will be repaid.**
- **Revenue forecasts will be prudent.**
- **Spending plans will be affordable.**
- **The government will be open and accountable to Albertans.**

## Alberta Economic Advantage

Strong economic growth has brought benefits and opportunities to Albertans, and has attracted close to 129,000 more people to the province since January 1997. Economic and population growth has also created some strains.

Additional investment is required to meet the increased demands being placed on Alberta's infrastructure. High energy prices have provided the government with fiscal flexibility to expand and modernize our infrastructure on a fast track or accelerated basis.

On top of the ongoing base budget of about $1.1billion per year, $3.3 billion of accelerated funding has been announced for the four years from 2000-01 to 2003-04 for transportation, health, education and other infrastructure priorities.

High levels of natural gas drilling and the construction of new electricity generation facilities should ease the current supply crunch and bring natural gas and electricity prices down. In the meantime, Albertans and Alberta businesses are receiving over $4 billion to cushion the effects of natural gas and electricity cost increases, using the proceeds from the recent electricity auctions and the government's record resource revenues.

In total, a two-adult Alberta family living in their own home will benefit from $1,680 in energy cost assistance. For the average residential consumer, home heating and electricity costs this winter will be the about the same as last year.

**"(Alberta's upgrade) reflects the very strong economic and fiscal performance and favourable fiscal policies prevailing in Alberta, which are leading to very rapid debt reduction."** ***Standard & Poor's January 29, 2001***

**A two-adult Alberta family living in their own home will benefit from $1,680 in energy cost assistance.**

**ACTION ON SHORT-TERM ENERGY COSTS** (millions of dollars)

| | Proceeds of Auctions | Government of Alberta |
|---|---|---|
| Energy Tax Refund ($300 per Albertan aged 16 and over) | | 690 |
| Electricity Rebates | | |
| Residential ($40 per month in 2001) | 500 | |
| Businesses, farms and non-profits (based on 2001 usage) | 1,500 | 297 |
| Natural Gas Rebates | | |
| Single residential units ($150 per month for January to April) | | 600 |
| Apartments and condominiums ($6 per gj for January to April) | | 72 |
| Businesses, farms and non-profits ($6 per gj for January to April) | | 360 |
| Propane/Heating Oil Rebate | | 18 |
| Special Assistance | | |
| Health and education institutions | | 75 |
| Seniors, low income persons and non-profit groups | | 5 |
| **Total Assistance** | **2,000** | **2,117** |

## Alberta Tax Advantage

The Alberta Tax Advantage rewards initiative, spurs economic growth and job creation, and leaves more dollars in Albertans' pockets. Over the last eight years, the government has strengthened the Alberta tax advantage. Further major steps are being taken in 2001. The only way taxes are going in Alberta is down.

On January 1, Alberta's new personal income tax system cut taxes for Albertans in every income group. The key features of the new system are:

- basic and spousal exemptions increased to $12,900 – by far the highest in the country – removing 200,000 more low-income earners from the provincial tax rolls entirely.
- a single rate of 10% on taxable income.
- a tax system indexed to inflation, eliminating bracket creep, and
- fair treatment of single-parent families and families with a stay at home parent.

Under the new system, a one-income, two-child family earning $30,000 will pay nearly 80% less in provincial taxes and health care insurance premiums, on average, than a similar family in other provinces. Two-income, two-child families earning $60,000 or $100,000 will both pay close to 40% less than in other provinces.

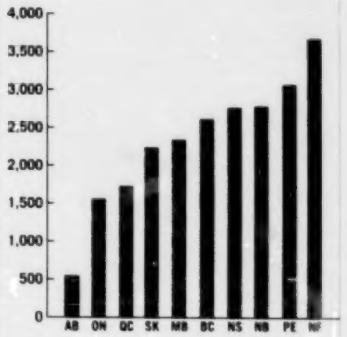
Starting on April 1, business tax cuts will be phased in over four years, subject to affordability. The small business rate will be cut to 3% and the general rate to 8%.

**IMPLEMENTATION SCHEDULE FOR THE GOVERNMENT'S BUSINESS TAX PLAN**

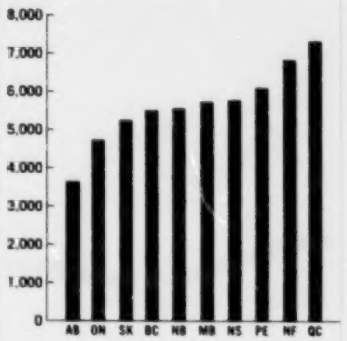
| | | Implementation on April 1 | | | |
|---|---|---|---|---|---|
| | Current | 2001 | 2002 | 2003 | 2004 |
| General rate (%) | 15.5 | 13.5 | 11.5 | 10.0 | 8.0 |
| Manufacturing and processing rate (%) | 14.5 | 13.5 | 11.5 | 10.0 | 8.0 |
| Small business rate (%) | 6.0 | 5.0 | 4.0 | 3.0 | |
| Small business threshold ($) | 200,000 | 300,000 | 400,000 | | |
| Capital gains inclusion rate (%) | 50[a] | 50 | | | |
| Capital tax (%) | 0.7/1.0 | Eliminate | | | |
| **Total Tax Cuts ($ millions)** | | **282** | **557** | **766** | **996** |

*a Rate was reduced from 75% to 66.7% effective February 28, 2000 and further reduced to 50% effective October 18, 2000.*

**FAMILY EARNING $30,000**
(One-income family with two children)
**Taxes and Health Care Insurance Premiums**




**FAMILY EARNING $60,000**
(Two-income family with two children)
**Taxes and Health Care Insurance Premiums**




**Albertans' after-tax income grew by 7.6% in 2000, an average increase of nearly $1,300.**

## Alberta People Advantage

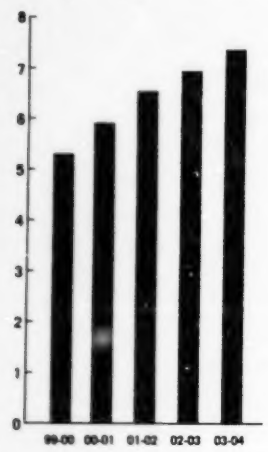
The Alberta government remains committed to three basic priorities – people, prosperity and preservation:

- providing quality health, education and other services to Albertans at an affordable cost,
- building the foundations for a prosperous economy, and
- preserving the Alberta traditions of a safe society with strong communities and a clean environment.

Implementation of the Six Point Plan to protect and improve public health care will continue:

- Health and Wellness funding is projected to increase by about $1.3 billion, or 22%, over the next three years.
- Funding will be provided to recruit 350 more physicians to Alberta over the next two years, on top of over 600 new doctors during the last six years. Dollars have been set aside to recruit and retain highly skilled cardiologists, neurosurgeons and other medical specialists delivering province-wide services.
- In 2001-02, Alberta specialists will perform about 400 organ and bone marrow transplants, 6,200 heart surgeries, 1,500 major neurosurgeries, 900 low-birthweight neonatal procedures and 1,300 patient-years of kidney dialysis.

**PROJECTED HEALTH AND WELLNESS SPENDING**
(billions of dollars)




Alberta's world-class educational results will be improved further:

- Learning funding is projected to increase by about $700 million, or 15%, over the next three years. In addition, implementation of the New Century Schools Plan to build new schools and modernize existing schools will continue.
- Additional funding will be provided to school boards to support special-needs children in the classroom.
- Post-secondary support will be enhanced to create 1,245 new student spaces in September 2001, expand apprenticeship programs, address past funding inequities, and attract and retain top-notch faculty.
- Enhancements to Alberta's student finance programs will help ensure that financial need is not a barrier to post-secondary education. The Alberta student loan remission program will be improved. Scholarship programs that reward success in learning will be expanded.

**PROJECTED LEARNING SPENDING**
(billions of dollars)